



Sharon
Kercher/ENF/R8/USEPA/US
02/19/2008 11:46 AM

To Sheldon Muller/ENF/R8/USEPA/US@EPA, Carol
Pokorny/ENF/R8/USEPA/US@EPA

cc

bcc

Subject Fw: High Country News: A Rico renaissance

Sharon L. Kercher
Director Technical Enforcement Program
Superfund and RCRA
EPA Region VIII
1595 Wynkoop Street
Denver, CO 80202-1129
(303) 312-6352
(303) 312- 6953 (FAX)

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Montarelli/OCP/R8/USEPA/U
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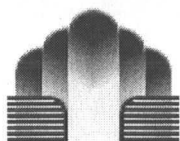
Headframe of mine above Rico, Colorado. WILLIAM WOODY

A Rico renaissance

Sidebar - February 18, 2008 by Marty Durlin

http://www.hcn.org/servlets/hcn.Article?article_id=17519

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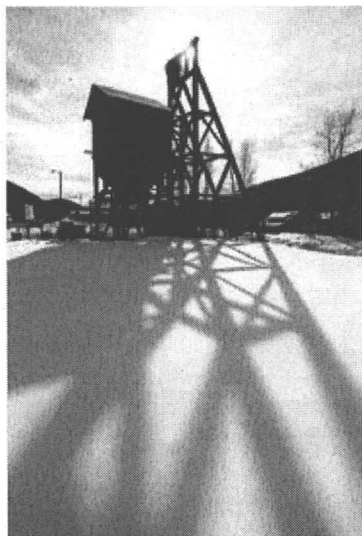
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Post-mining economy threatened by proposed moly mine

RICO, COLORADO

A snowstorm is pounding this little town in the San Juan Mountains of southwestern Colorado. But inside the Rico Hotel, it's packed and warm, and chef Eamon O'Hara is serving up chicken-fried steak, mashed potatoes and collard greens.

The patrons on this January night are a mix of Rico residents and a few hotel guests: people of all ages, including several babies. With only 200 year-round residents, Rico is a close-knit community - more of a family, really, according to JoLynn Heil.

After 10 years in Rico, JoLynn and her husband, Eric, have moved to Denver, so that JoLynn, a pilot now on maternity leave, can be closer to a major airport. Their home in Rico is for sale, but real estate isn't moving right now. Locals blame more than just the U.S. economic downturn. They point to an issue that looms like the mountains over the picturesque town.

For more than a decade, Eric Heil, who served as the town's manager, planner and attorney, worked with Rico's government to create a "new post-mining economy." They engaged in negotiations with real estate developer Rico Renaissance and its associates, owners of 2,000 acres in and around the town. After years of studies, community surveys and meetings, the town adopted a master plan in 2004. The developer promised to work with Rico to create a water treatment facility and sewer system, and also agreed to "the prohibition of all mineral rights exploration, leasing and development."

It came as quite a surprise, then, when Rico Renaissance revealed in November that it was selling its land to a Canadian mining company. Bolero Resources plans to extract some 1.2 billion pounds of molybdenum from the Silver Creek property above Rico, perhaps "the richest grade molybdenum deposit in North America."

The abrupt announcement of the sale caught townspeople off guard. "I was deeply disappointed," says John Kornbluh, a member of the town board of trustees and the owner of Bluecorn Naturals, one of Rico's few businesses.

Perched in the San Juans at an altitude of nearly 9,000 feet, Rico was incorporated in 1876 following the discovery of a rich silver lode. By 1892, the town had a population of 5,000 people and was home to 23 saloons, a red-light district, two newspapers and a theatre. But in 1893, Rico fell victim to the Silver Panic, and seven years later the population had dropped to about 800.

Then followed more cycles of boom and bust, as mining companies - including Argentine, Anaconda and Atlantic Richfield Company - came and went. In 1984, ARCO sold its land to the Rico Development Corporation. The property included about a third of Main Street, several hundred lots in the historic town site, and 1,800 acres of mining claims.

Ten years later, it changed hands again, and Rico Renaissance and its associates

announced their plans for development. Some of the resort glitter of Telluride, about 30 miles to the north, was rubbing off on Rico. New homes were built, and property values rose far above what they had been back when the mines were open.

Meanwhile, tons of mining waste lay just outside the town limits, leaching zinc, mercury, cadmium and manganese into the Dolores River. The real estate speculators disclaimed responsibility, saying the settling ponds and a lime plant were not part of their property. Prodded by the Environmental Protection Agency, ARCO has been cleaning up mine tailings and removing topsoil from town property for the past three summers.

For many Rico residents, the idea of a mining company in town to mine - not just clean up - seems like a giant step backwards.

Crowing over Bolero's proposed land acquisition in a Canadian radio interview, CEO Bruce Duncan exulted over "the capitalist government in the U.S." that "is keen to develop." The decline of the U.S. dollar, he said, gave Bolero a "25-cent swing" since the company originally budgeted. And the price of molybdenum, driven mainly by the construction of Chinese nuclear reactors, has soared from \$2 per pound in 2000 to more than \$35 this year. Duncan said that as many as 1,000 miners could be employed at the mine, quadrupling the population of Rico and even spilling into Telluride.

But Kornbluh believes that, economics aside, Bolero has a rough road ahead. First, the Rico Renaissance property represents less than half of the Silver Creek molybdenum source; and second, the Colorado Legislature is working on legislation that would give municipalities the right to maintain local control over mining activities. Third, the mine could impact the town's drinking water source.

Rico resident Susan Robertson, who served on the town board back in the 1980s, expresses the uncertainty felt by many townsfolk: "I can't say I'm against the revenue that mining would bring to the town," she says, "but when it goes bust, where do we go from there?"

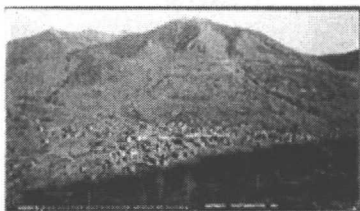
Other townspeople echo her thoughts. Postmistress Connie Cannon's dad and husband were miners, and she's not against mining, but says, "I don't want it to hurt our town. If it's open-pit, there are a lot of effects."

Judging by documents on its Web site, Bolero does not yet know how the moly will be mined.

An agreement for the \$10 million sale was signed in November, but the deal is still pending, hung up by the divorce of one of the Rico Renaissance partners, and perhaps other issues.

Says Kornbluh, "They have no idea of the fight ahead of them."

The writer is Web editor for High Country News.



The booming town circa 1891, with mining roads zigzagging into the mountainside.

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